



SUCCESS STORY

PHILADELPHIA DISTRICT OFFICE

U. S. SMALL BUSINESS ADMINISTRATION

Contact: Ana Gallardo (215)580-2707

Internet Address: www.sba.gov/pa/phil

SBA HELPS HOME-BASED BUSINESS OBTAIN BONDING

JBeitz Enterprise, Inc. is a home-based, concrete construction business, located in Juniata County. Joseph J. Beitz, founded the company in 2000 after he and his partner from a previous venture, parted ways. The business, operated out of his home, specializing in construction and repair of bridges and sewer systems. Beitz has more than 20 years of experience in the trade.

When Beitz started the business, the economy was doing well and there was abundant private and public work in his trade. In 2001 and 2002 things looked bleak. Work became more difficult to find as the economy slowed. Adding to the situation, Beitz's son Joshua, a foreman at the firm, was hurt on a construction project when a driver lost control of her vehicle while talking on her cell phone. He sustained severe injuries from the accident when the car pinned him between an air compressor and a truck.

This situation greatly affected Beitz's ability to concentrate on his work. Not only did Beitz lose a key employee, he also took time off to help nurse his son back to health. The accident and their lack of work coincided with one of the worse surety markets in the past 40 years. Beitz's secure surety support dropped to \$100,000, not sufficient to sustain their operation.

Beitz learned about the SBA's Surety Bond Guarantee Program through the marketing efforts of Ken Turner of KOG International, Inc. located in Enola, PA. Turner markets the SBA Surety Bond Guarantee Program to various sureties, agents and banks throughout Central Pennsylvania. Beitz was accepted into the SBA Surety Bond program and was able to get the surety bond support needed to make his business plan succeed. He has successfully completed projects throughout York, Perry, Snyder, Juniata, Dauphin and Cumberland counties.

If JBeitz Enterprise, doors had closed when things were looking bleak, 6 jobs would have been lost. Additionally, there would be a loss of tax revenue and the financial impact would be felt by the company's suppliers, subcontractors, lenders and other business in the local community.

Beitz attributes the success of JBeitz Enterprise, Inc. to the SBA Surety Bond Guarantee Program. As of December 31, 2004, the business has grown from 6 employees to 14 and from \$200,000 to \$1 million in annual sales. The contracts that helped him grow the company, he said, would not have been possible without the bonding guarantee.

Many states, city, county, federal and private-sector projects require bonding. Oftentimes, new and existing small businesses may not be able to obtain bonds through commercial channels. Under the SBA's Surety Bond Guarantee Program, SBA can guarantee bid, payment and performance bonds for contracts up to \$2 million for eligible small contracts. There is no minimum bond amount.

The surety bond program is essentially a three-way agreement among the Surety Company, the contractor and the project owner. If the contractor fails to comply with the terms of the contract, the surety assumes the responsibility and ensures the contract's completion.

To obtain additional information on the surety bond requirements and for information on SBA's other programs and services, either call (215) 580-2722 or visit the Philadelphia District Office's local website at: <http://www.sba.gov/pa/phil>